

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CR LICENSE, LLC,

Plaintiff,

v.

SPA CLUB SEATTLE, LLC, et al.,

Defendants.

CASE NO. C04-555JLR

ORDER

I. INTRODUCTION

This matter comes before the court on a motion for summary judgment from Plaintiff CR License, LLC (“CRL”) (Dkt. # 53) and a motion for summary judgment from Defendants (Dkt. # 50). Although CRL has requested oral argument, the court finds both motions appropriate for resolution without oral argument. For the reasons stated below, the court DENIES both motions.

II. BACKGROUND

CRL¹ has owned and operated luxury health resorts under the “Canyon Ranch” name since 1979. In June 1999, CRL began operating smaller facilities under the “SpaClub” name. SpaClub facilities generally offer the same services as the Canyon Ranch resorts, including a wide variety of fitness activities, health consultations, various

¹Because an understanding of the numerous entities and their predecessors under the CRL corporate umbrella is not essential, the court uses the term “CRL” to refer to all of them.

1 massage therapies, and salon services. Unlike the Canyon Ranch resorts, however,
2 CRL's SpaClub facilities operate within other hotels and resort entities. For example,
3 CRL operates SpaClub facilities within the Venetian Hotel in Las Vegas, Nevada, the
4 Gaylord Palms Resort in Kissimmee, Florida, and onboard the Queen Mary 2 luxury
5 cruise liner. From the record before the court, it appears that CRL rarely uses the
6 SpaClub mark in commerce without the Canyon Ranch mark nearby.

7 Defendants operate a single salon in Seattle, Washington, under the name "Spa
8 Club Seattle." In contrast to CRL's luxury operation, Spa Club Seattle is (in Defendants'
9 own words) a "modest" facility. It offers no fitness activities, employs no health care
10 experts, and "*does not even have a whirl pool* [sic]." Defs.' Opp'n at 13 (emphasis in
11 original). Spa Club Seattle does, however, offer massage, skin care treatments, and
12 cosmetic products, as do CRL's SpaClub facilities.

13 CRL has no SpaClub facilities or other operations in Seattle or in Washington.
14 From the record before the court, the nearest SpaClub facility to Spa Club Seattle is in
15 Las Vegas, more than 800 miles away. Although CRL claims to have "actively pursued
16 expansion into the Seattle area" (Cohen Decl. ¶ 15), there is no evidence that CRL
17 intends to open a SpaClub facility in Seattle.

18 There is no dispute that CRL's use of the SpaClub mark preceded Defendants' use
19 of the Spa Club Seattle name. CRL registered "SpaClub" and "Canyon Ranch SpaClub"
20 as trademarks² on the principal registry of the United States Patent and Trademark Office.
21 Each registration declares that the mark's first use in commerce was June 30, 1999 or
22 later. There is no evidence that Defendants used the Spa Club Seattle name before
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26 ²Technically, CRL registered its marks as service marks. The court, like the parties,
27 refers to the marks as trademarks. See Amer. Int'l Group, Inc. v. Amer. Int'l Bank, 926 F.2d
28 829, 830 n.1 (9th Cir. 1991) ("Service marks are registrable in the same manner and entitled to
the same protection under federal law as trademarks.").

1 October 1999. Tran Dep. at 55. There is also no evidence that Defendants knew of
2 CRL's use of SpaClub when they named Spa Club Seattle.

3 CRL brought this action against Defendants, claiming trademark infringement and
4 unfair competition under the Lanham Act, and unfair competition under Washington law.
5 CRL seeks summary judgment on its Lanham Act claims. Defendants seek summary
6 judgment against all of CRL's claims.

7 **III. ANALYSIS**

8 In examining these motions, the court must draw all inferences from the
9 admissible evidence in the light most favorable to the non-moving party. Addisu v. Fred
10 Meyer, Inc., 198 F.3d 1130, 1134 (9th Cir. 2000). Summary judgment is proper where
11 there is no genuine issue of material fact and the moving party is entitled to judgment as a
12 matter of law. Fed. R. Civ. P. 56(c). The moving party bears the initial burden to
13 demonstrate the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477
14 U.S. 317, 323 (1986). Once the moving party has met its burden, the opposing party
15 must show that there is a genuine issue of fact. Matsushita Elect. Indus. Co. v. Zenith
16 Radio Corp., 475 U.S. 574, 586-87 (1986). The opposing party must present significant
17 and probative evidence to support its claim or defense. Intel Corp. v. Hartford Accident
18 & Indem. Co., 952 F.2d 1551, 1558 (9th Cir. 1991). "Because of the intensely factual
19 nature of trademark disputes, summary judgment is generally disfavored in the trademark
20 arena." Interstellar Starship Servs., Ltd. v. Epix Inc., 184 F.3d 1107, 1109 (9th Cir.
21 1999).

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23 The parties' motions present two question. First, can Defendants show that CRL's
24 SpaClub trademark is invalid? If not, can either party show as a matter of law that the
25 similarity between CRL's SpaClub mark and Defendants' Spa Club Seattle mark is likely
26 (or not likely) to confuse customers about the origin of the parties' goods and services?
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1 See Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1046-47 (9th
2 Cir. 1998) (discussing elements of trademark infringement).

3 **A. Defendants Fail to Prove that CRL's SpaClub Trademark is Invalid.**

4 Defendants contend that CRL's SpaClub mark is invalid because it is generic, or
5 alternatively, because it is descriptive and has not acquired secondary meaning. In the
6 hierarchy of trademark protection, "fanciful" marks are strongest, whereas "generic"
7 marks receive no protection. Id. at 1047. "Descriptive" marks fall between these
8 extremes. They receive protection only if they have acquired "secondary meaning." Id.
9 CRL concedes that its SpaClub mark is descriptive at best, but argues that it is
10 nonetheless valid.

11 Defendants carry the burden of proving the invalidity of the SpaClub mark.
12 A registered trademark is presumed valid. 15 U.S.C. § 1057(b); Coca-Cola Co. v.
13 Overland, Inc., 692 F.2d 1250, 1254 (9th Cir. 1982) (noting "strong presumption of
14 validity").³ Because the SpaClub mark is registered, Defendants must either prove that it
15 is generic or that it has not acquired secondary meaning. Filipino Yellow Pages, Inc. v.
16 Asian Journal Pubs., Inc., 198 F.3d 1143, 1151 (9th Cir. 1999) (noting burden of proving
17 "genericness"); Americana Trading, Inc. v. Russ Berrie & Co., 966 F.2d 1284, 1287 (9th
18 Cir. 1992) (noting burden of proving secondary meaning).

19 Defendants have not met their burden. In assessing whether a mark is generic, the
20 Ninth Circuit uses the "who-are-you/what-are-you" test. Filipino Yellow Pages, 198 F.3d
21 at 1147. A trademark fails the test if its "primary significance" is to "describe the *type of*
22 *product* rather than [its] *producer*." Id. (citation omitted). A court must take a "holistic
23 approach" in conducting the test. Id. at 1149. In particular, although the court should
24 consider the dictionary definition of the words comprising a trademark, it must not adopt
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27 ³As the date of registration for each of the marks-in-suit is in 2001 or later, none of them
28 are "incontestable" under 15 U.S.C. § 1065.

1 the overly simplistic view that a generic term plus a generic term equals a generic
2 trademark. Id. at 1150. Here, Defendants rely almost exclusively on the dictionary
3 definition of “spa” and “club” to show that CRL’s SpaClub mark is generic.⁴ Although
4 the court does not doubt the genericness of the component words, the law requires more
5 evidence to overcome the presumptive validity of CRL’s registered marks. See id. at
6 1151; see also id. at 1050 (noting that “generic individual terms can be combined to form
7 valid composite marks”). Defendants point to several cases where courts found similar
8 composite marks invalid. E.g., Hunt Masters, Inc. v. Landry’s Seafood Rest., Inc., 240
9 F.3d 251, 255 (4th Cir. 2001) (holding that “crab house” is generic); Ale House Mgmt.,
10 Inc. v. Raleigh Ale House, Inc., 205 F.3d 137, 141 (4th Cir. 2000) (holding that “ale
11 house” is generic); Surgicenters of Amer., Inc. v. Medical Dental Surgeries Co., 601 F.2d
12 1011, 1020 (9th Cir. 1979) (holding “surgicenter” to be generic). In each of those cases,
13 however, the defendant relied on more than the dictionary definition of the composite
14 mark’s component words. E.g., Filipino Yellow Pages, 198 F.3d at 1150-51 (noting
15 extensive evidence of invalidity in Surgicenters case).

17 CRL offers limited evidence that the Spa Club mark is not generic. It shows that
18 media reports on its Canyon Ranch facilities often use “SpaClub” as a trademark, rather
19 than as a generic term. Although this evidence weighs against genericness (see, e.g., Surf
20 Line Hawaii, Ltd. v. Ahakuelo, Civ. No. 88-00090 SPK, 1989 U.S. Dist. LEXIS 11869, at
21 *7-8 (D. Haw. September 22, 1989)), it is also the only evidence on which CRL relies.

22 Considering the presumption that CRL’s marks are valid, Defendants’ limited
23 evidence to overcome the presumption, and CRL’s relatively weak evidence on this issue,
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26 ⁴Defendants also argue that CRL’s disclaimer of the term “spa club” in its registration for
27 the Canyon Ranch SpaClub mark proves that “spa club” is generic. Defendants ignore 15
28 U.S.C. § 1056(b), which provides that “[n]o disclaimer . . . shall prejudice or affect the
applicant’s or registrant’s rights then existing or thereafter arising in the disclaimed matter.”

1 the court holds that a reasonable jury could conclude that SpaClub is not generic. The
2 court therefore denies summary judgment on this issue.

3 For similar reasons, the court holds that Defendants have not overcome the
4 presumption that the SpaClub mark has acquired secondary meaning. The court must
5 consider several factors in determining secondary meaning, including whether purchasers
6 of the trademarked goods associate the trademark with the producer, the extent of the
7 trademark holder's efforts to advertise the trademarked product, the length and manner of
8 use of the trademark, and the exclusivity of the use of the trademark. Committee for
9 Idaho's High Desert v. Yost, 92 F.3d 814, 822 (9th Cir. 1996).

10 Whereas CRL largely ignores these factors,⁵ Defendants offer a list of businesses
11 across the nation that use the words "spa" and "club" or the phrase "spa club" in their
12 trade names.⁶ Defendants offer no evidence of what services these businesses offer.
13 Nonetheless, the list tends to show that the use of "spa club" is "common and necessary"
14 in commerce, which weighs against the strength of the SpaClub mark. Entrepreneur
15 Media, Inc. v. Smith, 279 F.3d 1135, 1143-44 (9th Cir. 2002). CRL mischaracterizes the
16 list as irrelevant evidence that there are others who infringe its trademarks. Pltf.'s Opp'n
17 at 5. Instead, the list is relevant evidence that the SpaClub mark is merely descriptive.
18 See Entrepreneur Media, 279 F.3d at 1143-44.

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20 Defendants have not, however, proven that no reasonable jury could find that the
21 SpaClub mark is valid. Although a jury could conclude that the mark is invalid, the
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24 ⁵CRL introduces substantial evidence of its efforts to market its SpaClub facilities. It
25 does not, however, address a central difficulty with that evidence. Both in CRL's marketing
26 materials and in media attention paid to its facilities, the SpaClub mark is rarely used without the
27 Canyon Ranch mark nearby. There is little evidence that consumers would associate the
28 SpaClub mark, independent of the Canyon Ranch mark, with CRL's facilities.

⁶CRL argues that Defendants' list is unauthenticated. The court disagrees. Defendants'
list consists of trade names, which are self-authenticating under Fed. R. Evid. 902(7).

1 presumption of validity, combined with evidence that could weigh in CRL's favor (e.g.,
2 CRL's history of promoting the SpaClub mark) means that a jury could also reach the
3 opposite conclusion. Summary judgment on the validity issue is not appropriate.

4 **B. Neither Party Has Shown As a Matter of Law that Consumers Are or Are Not**
5 **Likely to Confuse "Seattle Spa Club" with CRL's SpaClub Facilities.**

6 Assuming that CRL's SpaClub mark is valid, the next inquiry is whether
7 Defendants' use of the Spa Club Seattle name is likely to confuse consumers. The eight
8 factors first announced in AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir.
9 1979), guide the court's analysis. The Sleekcraft factors are:

- 10 (1) the similarity of the marks;
- 11 (2) the marketing channels used to promote the marks;
- 12 (3) the relatedness of the goods or services promoted under the marks;
- 13 (4) the strength of the plaintiff's mark;
- 14 (5) evidence of actual confusion;
- 15 (6) likelihood of expansion of either parties' product lines;
- 16 (7) the degree of care a potential purchaser is likely to exercise; and
- 17 (8) the defendant's intent in selecting the mark.

18 Id.; GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000). The court
19 must not apply the Sleekcraft factors mechanically or by giving equal weight to each
20 factor. Entrepreneur Media, 279 F.3d at 1141. As the Entrepreneur Media court put
21 it:
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23 [A court must] consider what each factor, and – more importantly – what
24 the analysis as a whole, reveals about the ultimate question before [it]: the
25 likelihood of consumer confusion as to the origin of the product or service
26 bearing the allegedly infringing mark.

27 Id. With this guidance in mind, the court turns to an analysis of each Sleekcraft factor.
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1 **1. The Similarity of CRL’s SpaClub Mark to Defendants’ Mark**

2 The similarity of the marks-in-suit is a nuanced question. If the only issue before
3 the court was whether the SpaClub mark as used in promoting CRL’s facilities is similar
4 to the term “Spa Club” as used in promoting Defendants’ salon, this factor would weigh
5 strongly in CRL’s favor. But see Entrepreneur Media, 279 F.3d at 1146 (noting that even
6 minor differences in two marks may have a strong effect on consumers). This analysis,
7 however, merely addresses the textual similarities between the marks. The court must
8 also consider the appearance of the two marks as they are used in commerce. Id. at 1144.
9 CRL uses a highly stylized “S” with a wavy (and presumably water-evoking) line beneath
10 the remaining letters of SpaClub. Spa Club Seattle uses a black block with a white “S”
11 superimposed on it, followed by an unadorned “Spa Club Seattle.” These graphical
12 representations are neither so similar nor so different that the court can determine as a
13 matter of law what conclusions a jury would draw.
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15 Moreover, as the court already noted, CRL has made little effort to show that its
16 SpaClub mark has significance independent of the Canyon Ranch mark that accompanies
17 it nearly ubiquitously. See supra note 5; see also Entrepreneur Media, 279 F.3d at 1144
18 (“Marks should be considered in their entirety and as they appear in the marketplace . . .
19 .”). A better question, therefore, is whether Spa Club Seattle and Canyon Ranch SpaClub
20 are similar. The phrases are similar, but the similarity is undoubtedly more attenuated
21 than the similarity between Spa Club and SpaClub. With these considerations in mind,
22 the court finds that the first Sleekcraft factor weighs only slightly in CRL’s favor.

23 **2. The Marketing Channels the Parties Use to Promote Their Facilities**

24 Despite CRL’s protestations to the contrary, the parties use only one common
25 marketing channel – the internet. CRL argues that it promotes its SpaClubs in brochures,
26 flyers, radio advertisements, and other print ads, just as Spa Club Seattle does. CRL
27 conspicuously fails to address whether it uses any of these marketing channels to target
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1 Seattle customers. CRL's use of flyers and brochures in Las Vegas is hardly the same as
2 Defendants' use of flyers and brochures in Seattle. Radio advertisements to Floridians do
3 not compete with radio advertisements to Seattleites. Finally, the court dismisses CRL's
4 claim that the parties advertise "in the **same exact** magazine – *Where Magazine*." Pltf.'s
5 Mot. at 12 (emphasis in original). The evidence shows that CRL advertises in *Where -*
6 *Las Vegas*; Defendants advertise in *Where - Seattle*. The parties do not advertise in the
7 **same exact** magazine; they advertise in magazines with mutually exclusive circulations.

8 That the parties both use the internet to promote their services weighs slightly in
9 CRL's favor, at best. Spa Club Seattle has a website, as does CRL. Both parties pay
10 internet search engines to link their ads to search results. The "proper inquiries,"
11 however, in examining internet marketing are "whether both parties use the Web as a
12 substantial marketing and advertising channel" and "whether the parties' marks are
13 utilized in conjunction with Web-based products." Entrepreneur Media, 279 F.3d at 1151
14 (internal citations and quotations omitted). CRL makes too much of the probative value
15 of the parties' presence on the internet. In cases where the parties' products and services
16 are internet-based, their simultaneous internet presence may weigh strongly in favor of a
17 likelihood of confusion. See, e.g., Brookfield Communs., Inc. v. West Coast Entm't
18 Corp., 174 F.3d 1036, 1057 (9th Cir. 1999) (addressing likelihood of confusion between
19 two internet-based movie industry databases); GoTo.com, 202 F.3d at 1207 (addressing
20 competing internet search engines). Here, where the parties' services are decidedly not
21 internet-based, the likelihood of confusion is smaller. Entrepreneur Media, 279 F.3d at
22 1151. Although a person searching for a "spa club" on the internet might well find both
23 CRL's and Defendants' services advertised, "[g]iven the broad use of the Internet today,
24 the same could be said for countless companies." Playboy Enters., Inc. v. Netscape
25 Communications Corp., 354 F.3d 1020, 1028 (9th Cir. 2004).
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3. The Relatedness of the Parties' Goods or Services

As previously noted, CRL's SpaClub facilities offer far more extensive services than does Defendants' salon. This mitigates in favor of Defendants. Nonetheless, it is undisputed that Defendants, like CRL, offer massage treatments, beauty services, and cosmetic products. CRL offers evidence that the price of services at its Florida SpaClub location is only somewhat higher than Defendants' price for comparable services. Neither party compares the Seattle salon's prices to other SpaClub locations. Both parties sell cosmetic products, although CRL does so under its own brand name, whereas Defendants sell products under other companies' brands and labels with a "compliments of Spa Club Seattle" or similar notation affixed. Finally, Defendants point out that their services are not likely to be considered related because their facility is in Seattle, far from any CRL facility. The court notes that this evidence also weighs against Defendants, as their use of the Spa Club Seattle name could suggest that their facility is merely the Seattle branch of CRL's SpaClub enterprise.

The relative weakness of the SpaClub mark also weighs against CRL in considering the relatedness of the parties' services. The court must apply a "sliding scale approach as to the weight that relatedness will carry dependent upon the strength of the trademark." Entrepreneur Media, 279 F.3d at 1148. The sliding scale balances the trademark holder's rights against the "broad societal interest in preserving common, useful words for the public domain." Id. CRL chose common words to comprise its SpaClub mark, and thus the likelihood that customers will confuse its facilities with others that use the same common words is diminished. Id. at 1147-48. Overall, this Sleekcraft factor weighs slightly in CRL's favor, at best.

4. The Strength of CRL's Mark

The relative weakness of the SpaClub mark dictates that this Sleekcraft factor weighs strongly in Defendants' favor. As the court has already noted, the SpaClub mark

1 is at best a descriptive mark that has acquired secondary meaning. The mark is not
2 particularly strong, and thus this factor would mitigate in favor of a jury finding that there
3 is no likelihood of confusion.

4 **5. Evidence of Actual Confusion**

5 To demonstrate actual confusion in the marketplace, CRL engaged an expert to
6 conduct a survey of potential consumers in a Seattle-area mall. Randomly selected
7 survey participants answered preliminary questions to determine if they were unbiased
8 potential customers for the services that CRL's SpaClubs and Spa Club Seattle offer.
9 Surveyors showed screened participants a one-page excerpt from CRL's website and a
10 one-page excerpt from Spa Club Seattle's website. Participants then revealed if they
11 believed that the two facilities were affiliated, or that one facility had endorsed the other,
12 or that one facility would need the other's permission to use its name. Surveyors asked
13 participants questions to determine the basis of their beliefs. The survey reveals that as
14 many as 16.2% of customers believed that the facilities were affiliated, endorsed, or
15 needed permission based solely on the similarities between the names of the facilities.
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17 CRL's survey provides evidence of actual confusion. Defendants take issue with
18 portions of the survey's methodology, but they present no evidence contradicting CRL's
19 expert's declaration that he conducted the survey according to generally accepted
20 principles. See Prudential Ins. Co. v. Gibraltar Financial Corp., 694 F.2d 1150, 1156 (9th
21 Cir. 1982). Even if Defendants have valid criticisms of CRL's survey, those criticisms
22 only reduce the weight afforded the testimony. Playboy Enters., 354 F.3d at 1027. The
23 survey shows, at a minimum, that there is a "genuine issue of material fact on the actual
24 confusion issue." Id.

25 The court notes, however, that the survey provides evidence only of a narrow
26 strain of consumer confusion. What confused 16.2% of survey participants was the two
27 web pages that they were shown. There is no evidence that the average consumer who
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1 would encounter both CRL's marks and Defendants' marks would encounter the same
2 web pages or similar promotional material. The survey demonstrates confusion between
3 two specific pieces of paper; it does not necessarily demonstrate actual confusion in the
4 marketplace. Indeed, notably absent from the record is evidence that any customer of
5 either CRL's facilities or the Seattle Spa Club has confused the two businesses. See, e.g.,
6 Americana Trading, 966 F.2d at 1289 (noting relevance of confusion among actual
7 consumers). Thus, while the court finds that CRL has established actual confusion, it
8 gives limited weight to that finding.

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10 **6. Likelihood of Expansion of the Parties' Product Lines**

11 The court finds that there is insufficient evidence of the parties' intent to expand,
12 and thus this factor slightly favors Defendants. Spa Club Seattle has no plans to expand
13 beyond the Seattle area. The borders of the CRL empire are currently at least 800 miles
14 from Seattle. The only evidence of likely expansion is a vague statement that CRL has
15 "actively pursued expansion in the Seattle area" and has met with developers to discuss
16 possible sites. There is no evidence beyond this statement that CRL will open a Seattle
17 SpaClub. So long as CRL's SpaClubs and Spa Club Seattle operate at a great distance
18 from one another, consumers are less likely to confuse their products and services.

19 **7. The Degree of Care a Purchaser is Likely to Exercise**

20 This factor does not weigh in either party's favor. Regardless of the degree of care
21 consumers of spa services exercise, the vast distance between the parties' facilities makes
22 it exceedingly unlikely that anyone would choose one party's facility merely because it
23 offers similar services. The central question is whether consumers are likely to be
24 confused about whether CRL is affiliated with Spa Club Seattle, or vice versa. The
25 parties introduce no competent evidence that would allow the court to determine if the
26 degree of care that the average spa services consumer exercises is sufficient or
27 insufficient to allow them to discern that the facilities are not affiliated.
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